

## CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK)

### BOND AMENDMENT STAFF REPORT

**ISSUE:** The Young Men's Christian Association of Metropolitan Los Angeles (YMCA of LA or Borrower) has requested approval of Resolution 10-17 amending the Trust Indenture dated October 1, 2001, previously amended in 2003 and 2004 (Existing Indenture), by and between the I-Bank and Union Bank of California, N.A, (Trustee). The proposed amendment to the Existing Indenture will amend the definition of "Funds Available For Debt Service," one of the terms used in certain financial covenants contained in the Loan Agreement by and between the I-Bank and the YMCA of LA dated as of October 1, 2001 (Loan Agreement).

**BACKGROUND INFORMATION:** On November 1, 2001, the I-Bank issued \$37 million of the California Infrastructure and Economic Development Bank Revenue Bonds, Series 2001 (YMCA of Metropolitan Los Angeles Project) (2001 Bonds) on behalf of YMCA of LA to renovate and expand its existing facilities and to refinance outstanding debt. The 2001 Bonds remain outstanding in the amount of \$32,365,000 and are secured by a bond insurance policy provided by Ambac Assurance Corporation (Ambac). The Staff Report dated October 9, 2001, and a copy of Resolution 01-42 are attached for a more complete description of the project and financing structure (see **Attachment A**).

**PREVIOUS AMENDMENTS:** In 2002 and 2004, the I-Bank approved the First Supplemental Indenture and Second Supplemental Indenture, respectively, amending defined terms used in certain financial covenants contained in the Loan Agreement. Sections 2.21, 2.22, 2.23, 2.24 and 2.28 of the Loan Agreement contain certain financial covenants (Financial Covenants) of YMCA of LA that may be modified, amended or waived without the consent of or notice to bondholders at the direction of Ambac. YMCA of LA and Ambac previously requested amending the original Trust Indenture to revise the definitions of "Unrestricted Revenues," and "Funds Available For Debt Service," in 2002 and "Liquid Unrestricted Net Assets" in 2004, all of which are terms used in the Financial Covenants. The Staff Report dated November 19, 2002 and a copy of Resolution 02-51 are attached for a more complete description of the First Supplemental Indenture (see **Attachment B**). The Staff Report dated May 19, 2004 and a copy of Resolution 04-17 are attached for a more complete description of the Second Supplemental Indenture (see **Attachment C**).

YMCA of LA and Ambac are now requesting that the I-Bank and Trustee approve a Resolution and a Third Supplemental Trust Indenture that will again revise the definition of "Funds Available For Debt Service" as they relate to the Financial Covenants. Ambac has already provided its verbal consent to the amendment of the Existing Indenture contained in the Third Supplemental Trust Indenture.

**NEED FOR AMENDMENT:** The purpose of requesting an amendment of the definition of "Funds Available For Debt Service" is to more clearly reflect current accounting

standards. Specifically, the edited definition results in a truer alignment of the financial covenant with the financial operating results of YMCA of LA.

Below is a redline tracking the changes of the amendment requested:

*“Funds Available for Debt Service”* means ~~the Total Change in~~ Unrestricted and Temporarily Restricted Revenue and Other Support (excluding: (a) Net Assets less Realized and Unrealized Gains (Losses) on Investments, ~~plus Realized and Unrealized Losses on Investments, less;~~ (b) Interest and Dividend Income, ~~plus;~~ and (c) Change in Value of Split-Interest Agreements) less Expenses (excluding: (x) Depreciation, plus and Amortization, ~~plus and (y) Interest Expense;~~ ), plus 4.5% of the sum of the 3-year trailing average of Investments and Investments restricted by donors to permanent endowment, all as reflected in the Corporation’s audited financial statements.

#### Board Authorization

I-Bank Board Resolution 08-35 authorizes the Executive Director to approve and execute certain bond document amendments including the type being requested by YMCA of LA. As a condition to the delegation to the Executive Director related to bond document amendments, the borrower must submit an opinion of counsel which includes an opinion that the amendment will not materially adversely affect the holders of the bonds. Borrower’s counsel has declined to issue the required opinion in a manner satisfactory to the I-Bank. As a result, this amendment does not fit under the parameters of the delegation to the Executive Director and must be considered by the Board of Directors.

**RECOMMENDATION:** Staff recommends adopting Resolution 10-17 approving the Third Supplemental Indenture to amend the definition of “Funds Available for Debt Service” under Article I of the Existing Indenture between the I-Bank and Union Bank of California, N.A, (Trustee).

# ATTACHMENT A - October 9, 2001 Staff Report and Resolution 01-42

## CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (CIEDB) CONDUIT REVENUE BOND FINANCING PROGRAM

### STAFF REPORT

EXECUTIVE SUMMARY			
Applicant:	YMCA of Metropolitan Los Angeles (YMCA)	Amount Requested:	Not to exceed \$40,000,000
		Type of Resolution:	Final
		Date of Board Meeting:	Oct. 9, 2001
		Resolution No.:	01-42
Project Sites:	Angelus Oaks, Chatsworth, Culver City, Downey, Eagle Rock, Fawnskin, Gardena, Granada Hills, Hawthorne, Hollywood, Huntington Park, Inglewood, Lancaster, Los Angeles, Montebello, North Hollywood, Northridge, Pacific Palisades, Pacoima, Palmdale, Pasadena, Reseda, San Pedro, Saugus, Sepulveda, South Pasadena, Studio City, Torrance, Valencia, Van Nuys, West Hills, Wilmington.		
Uses of Bond Proceeds:	Bond proceeds will be used to provide funds to (i) renovate and/or expand existing facilities throughout Southern California; (ii) refund the YMCA's outstanding 1993 COPs, (iii) refinance interim financing used to finance certain of the facilities; (iv) establish a capitalized interest fund; and (v) establish a debt service reserve fund.		
Public Benefits:	The projects funded by the bond proceeds will enable the YMCA to expand and enhance its programs that involved almost 300,000 families and individuals of all ages, ethnicities, religions, and socio-economic backgrounds in activities and programs in fiscal year 2001 at 25 YMCAs, 150 program sites, and 3 camps throughout Southern California. The YMCA is particularly involved in childcare services and is the largest private provider of childcare in Los Angeles County.		
Financing Structure:			
Type of Issue:		Negotiated fixed rate public offering	
Tax Status:		Tax-exempt 501(c)(3) bonds	
Term:		30 Years	
Credit Enhancement:		Ambac Assurance Corporation	
Expected Credit Rating:		Aaa (Moody's), AAA (S&P), based on Ambac's insurance policy <i>(The YMCA has an underlying credit rating of A- from S&amp;P)</i>	
Est. Sources of Funds (000's):		Est. Uses of Funds (000's):	
Bond Proceeds		Construction Spending	\$16,322,000
Investment Earnings		Capitalized Interest	\$1,415,685
		Pay off Existing Debt	\$15,450,000
		Debt Service Reserve	\$2,528,300
		Financing Costs	\$1,393,827
		Misc.	\$6,522
TOTAL SOURCES		TOTAL USES	\$37,116,335
Financing Team:			
Co-Bond Counsel:		Chapman & Cutler and Quint & Thimmig	
Underwriters:		Wells Fargo Institutional Securities LLC and Estrada Hinojosa & Co.	
Underwriter Counsel:		Brownstein Hyatt & Farber	
Financial Advisor:		Education Capital Solutions	
Trustee:		Union Bank of California	
Staff Recommendation:			
Staff recommends approval of Resolution 01-42 for an amount not to exceed \$40,000,000 for the YMCA of Metropolitan Los Angeles.			

## BACKGROUND AND BORROWER DESCRIPTION

The Young Men's Christian Association of Metropolitan Los Angeles (the "Corporation" or the "YMCA") is a community-based family service organization involved in building the spirit, mind, and body of its members and improving the quality of life in the greater Los Angeles area. Utilizing value-based programs and emphasizing health, recreation and education, the Corporation serves women and men of all ages and races. The Corporation works towards peace and understanding among all people. The mission of the Corporation is to aid in the development of Judeo/Christian values and to improve the quality of life. To achieve this mission, the Corporation, through board, staff and volunteer leadership, in collaboration with other community institutions and groups, provides programs to meet the diverse needs of individuals, families, neighborhoods and communities.

The YMCA is a nonprofit corporation existing under the laws of the State of California. Although it may share a community purpose with similar associations, local or national, identified as "Young Men's Christian Associations" or "YMCAs" and is chartered by the national YMCA board, the Corporation self-governing and is not legally affiliated with any such organization, except that the Corporation is the sole member of the Pasadena Young Men's Christian Association (the "Pasadena YMCA"). The Corporation expects that the Pasadena YMCA will be merged into the Corporation by the end of 2001.

The Corporation was founded in 1882 and currently operates 25 branch facilities, 3 camps, and 150 program sites used primarily for child care programs, making it the third largest YMCA in the nation. Each operating unit is charged with carrying out the YMCA's program objectives within a specific geographic area. Listed below are the locations of the branches and camps:

<u>YMCA Name</u>	<u>Location</u>
Antelope Valley	Palmdale
Centinela Valley	Hawthorne
Crenshaw	Los Angeles
Culver-Palms	Culver City
Downey	Downey
East Valley	North Hollywood
Gardena-Carson	Gardena
Hollywood-Wilshire	Hollywood
Inglewood	Inglewood
Ketchum-Downtown	Los Angeles
Mid Valley	Van Nuys
Montebello	Montebello
North Valley	Northridge
Palisades-Malibu	Pacific Palisades
San Pedro & Peninsula	San Pedro
Santa Clarita Valley	Valencia
Southeast-Rio Vista	Huntington Park
South Pasadena-San Marino	South Pasadena
Torrance-South Bay	Torrance
Weingart East Los Angeles	Los Angeles
Weingart	Los Angeles
Westchester	Los Angeles
Westside	Los Angeles
West Valley	Reseda
Wilmington	Wilmington



Camp Whittle  
Camp Round Meadow

Fawnskin  
Angelus Oaks

**Strategic Plan.** The Corporation is in the midst of the strategic plan named "*Keeping Our Promise*", which spans the period from 1998 through 2003. The strategic objectives of the plan were developed after two years of intense research and study by each of the 25 branches of the Corporation with the involvement of staff and local volunteer leadership. That study and research identified the most pressing human needs in the communities served by each branch. It also identified which of those needs the YMCA is best suited to address and what resources would be needed to address them effectively. The strategic issues identified that are best suited to the Corporation are ensuring children have the necessary developmental assets, encouraging healthy lifestyles, strengthening families, strengthening neighborhoods, and building voluntarism.

YMCA membership growth is fueled by capital asset expansion, new programs, and/or program expansion. YMCA facilities are essentially tools of both mission achievement and the generation of earned income to support mission-oriented work. In the *Keeping Our Promise* strategic plan, the Corporation identified demand for YMCA programming far in excess of its present capacities in most sectors of its service area. Among many findings was the explosive growth potential to be realized by orienting YMCA healthy lifestyle programming to respond to the needs of the new and returning exercisers. The Corporation focus on healthy lifestyle programming has resulted in double-digit growth in membership over the past few years. New and remodeled facilities could attract and retain this target market segment and, in so doing, dramatically influence the health and well-being of adults, families and children.

#### PURPOSE OF FINANCING

The projects to be financed with the bond proceeds will play a significant role in achieving the objectives of the "*Keeping Our Promise*" strategic plan will include the renovation and/or expansion of existing facilities, the refinancing of capital debt, and the conversion of the Corporation's information technology system to one suited to customer relationship management. The Corporation anticipates that improved membership retention, and increased memberships and program participation from the projects will enhance annual earned income. Following are the affected properties and the approximate amount of bond proceeds that will be used in connection with each:

**Camps - \$1,250,000**

Remodeling of the dining hall and construction of the North Village at Camp Whittle at Fawnskin in the San Bernardino Mountains of Southern California, and facility repair at Camp Round Meadow in the Barton Flats.

**East Valley YMCA (North Hollywood) - \$1,624,000**

Conversion of a multi-use space to a healthy lifestyle area to provide facilities for up to 2,500 members rather than the 500 that the space can presently accommodate.

**Westside YMCA (Los Angeles) - \$616,000**

Purchase of three parcels of land for program and parking expansion.

**Montebello YMCA - ~~\$675,000~~ 708,000**

A 5,000 square foot expansion to add an entrance lobby, and exercise, aerobics, and ready-to-be-fit rooms, and a fitness office to an existing 5,000 20,000 square foot facility. Renovation of administration and aquatics offices, locker rooms, and restrooms.

- | Weingart East Los Angeles YMCA - ~~\$150,000~~157,000  
Conversion of space to expand the fitness and child watch area.
- | Torrance-South Bay YMCA - ~~\$4,601,000~~5,845,000  
Expansion to a 34,000 square foot facility consisting of a lap pool, multi-purpose room, senior's counseling area, meeting rooms, and administrative centers and addition of 42 parking spaces.
- | North Valley YMCA (Northridge) - ~~\$860,000~~916,000  
Expansion of parking and remodeling of the existing facility to expand child watch area.
- | Weingart YMCA (Los Angeles) - ~~\$463,000~~541,000  
Renovation of the 60,000 square foot facility to enhance the lobby, exercise rooms, 12-week program area, aerobics, child watch, and healthy lifestyle rooms, and the pool viewing area.
- | Hollywood-Wilshire (Los Angeles) YMCA - ~~\$3,532,000~~2,584,000  
Construction a new two-story, 36,000 square foot membership and program facility with a lap pool, locker, exercise, community, and ready-to-be-fit rooms, lounge, and administrative areas.
- Information Technology - \$2,500,000  
Conversion of the current antiquated information technology programs to ones more suited to member relationship management.
- | Other (various locations) - ~~\$1,000,000~~2,500,000  
Purchase of modular buildings for child care programs and various fitness equipment.
- | Refinance Existing ~~Capital~~Debt - \$15,450,000  
Existing debt to be paid off includes Series 1993 Certificates of Participation (\$3,140,000), two Notes (\$1,810,000), and a line of credit used to provide interim financing for certain of the projects pending the issuance of the bonds (\$10,500,000).

## PUBLIC BENEFITS

In fiscal year 2001, the Corporation involved 297,000 families and individuals of all ages, ethnicities, religions, and socio-economic backgrounds in activities and programs at 25 YMCAs, 150 program sites, and 3 camps throughout Southern California. Those 297,000 people include: 24,393 contributors, 19,817 volunteers, 488 teens in Youth and Government, 1,219 children in state licensed preschools, 5,422 children in 91 licensed school age centers, 16,230 children in day camps, 6,600 children attending mountain and ocean side camps, and thousands of people involved in many other YMCA activities. The YMCA is the largest private provider of childcare in Los Angeles County.

Every year the Corporation raises over \$5 million to ensure that no person is turned away due to his or her inability to pay.

The projects to be funded by the bond proceeds will assist the Corporation in achieving its strategic plan previously described and to expand and enhance its principal programs that are described below:

### Healthy Lifestyles

Enrollments – 53,000

In keeping with its vision that a complete person, an accomplished, well-rounded individual is strong in mental, physical, and spiritual health, the YMCA uses fitness as a tool to build confidence, self-esteem, and good health in members. To this end, a wide variety of programs are offered throughout the Corporation, including aerobics, strength training, nutrition, and general exercise classes. Sports activities are also offered to groups and individuals of all ages and abilities and include aquatics, basketball, jogging, lap swimming, volleyball, handball, tennis, martial arts and gymnastics.



#### Child Care and Development

Participants – 6,600 per day

This past year, 1,200 children were enrolled at 22 licensed YMCA preschool centers across Los Angeles. At each center, staff implement a curriculum designed not to occupy a child's time but to teach, encourage, and inspire children up to 5 years of age to gain self-confidence and social skills while developing positive attitudes about relationships, school and learning. This curriculum includes art, music, field trips, development of both large and fine motor skills, and language and cognitive development. Extended hours are available for most programs to accommodate working parents. During grade school years, children rely on the YMCA for licensed after school care. A primary component of this care is academic enrichment. In 2000, 5,400 children at 91 centers were involved with the program. The child care programs are operated by the Corporation primarily pursuant to one year contracts with various schools in the Los Angeles area, primarily in the Los Angeles Unified School District.

#### Camping

Participants – 6,600

The Corporation provides camping experiences for children and families in three locations in the mountains of Southern California. The Corporation offers traditional summer camps, and weekend retreats for leadership training, family camping and recreation

#### Day Camp

Participants – 16,200

Summer YMCA day camping experiences are offered throughout the service area targeted toward building self-confidence, learning to get along with others, and engaging in creative activities.

**Other.** The projects to be funded from the bond proceeds will also employ between 20 and 100 construction workers per day, directly retain approximately 58 full time equivalent staff (FTE), and add approximately 105 FTE as a result of the project.

### **GOVERNANCE AND MANAGEMENT**

The governing body of the Corporation is its volunteer Board of Directors (the "Board"), which currently consists of 68 members. The Executive Committee of the Board has the authority to act on behalf of the Board in most matters. The Board is responsible for managing the affairs of the Corporation as well as formulating and carrying out its policies.

The officers of the Corporation are elected for three-year terms by the members of the Board. The current officers of the Board are:

#### Avedick B. Poladian (Chairman)

Mr. Poladian has been a member of the Board since 1991. He is Chairman of the Corporation's Executive and Strategic Planning Committees; he serves on the Audit Committee, and is an ex-officio member of all committees. Mr. Poladian is Managing Partner for the U.S. Pacific Southwest Region of Arthur Andersen LLP.

#### Robert J. Lowe (Chairman Elect)

Mr. Lowe has been a member of the Board since 1989. He is Vice Chair of the Property and Facilities Development Committee, and serves on the Executive, Financial Development, and Strategic Planning Committees. Mr. Lowe is President of Lowe Enterprises.

#### John E. Anderson (Immediate Past Chairman)

Mr. Anderson has been a member of the Board since 1975. He serves on the Executive, Investment, and Strategic Planning Committees. Mr. Anderson is Chairman of the Board, President & CEO of Topa Equities, Ltd.

Peter K. Barker (Vice Chairman)

Mr. Barker has been a member of the Board since 1981. He is Chairman of the Nominating and Board Development Committee, and also serves on the Board Retreat Planning, Executive, Investment, and Strategic Planning Committees. Mr. Barker is an Advisory Director of Goldman, Sachs & Co.

Robert A. Day (Vice Chairman)

Mr. Day has been a member of the Board since 1972. He is Chairman of the Investment Committee and serves on the Executive Committee. Mr. Day is Chairman of the Board of Trust Company of the West.

Ezunial Burts (Secretary)

Mr. Burts has been a member of the Board since 1993. He is Chairman of the Dr. Martin Luther King Brotherhood Breakfast Committee, and serves on the Executive, Board of Governors Steering, Nominating and Board Development, and Public Policy Committees. Mr. Burts is a former Deputy Mayor of the City of Los Angeles.

John B. Power (Treasurer)

Mr. Power has been a member of the Board since 1997. He is Chairman of the Finance Committee, and serves on the Audit, Executive, and Investment Committees. Mr. Power is a retired Partner of O'Melveny & Myers LLP. Mr. Power is also Chairman of the Board of Occidental College.

A complete listing of the Corporation's Board is attached as Exhibit A.

#### TEFRA HEARING

A Tax Equity and Fiscal Responsibility Act ("TEFRA") hearing was held on August 29, 2001, following public notices which were published in newspapers of general circulation within the counties of Los Angeles, San Bernardino and Sacramento. No written or oral comments were received prior to, during, or following the hearing, and staff is not aware of any negative aspects or opposition to the proposed financing. Staff has received several letters of support from local officials in jurisdictions in which projects are located.

#### FINANCING TEAM

Bond Counsel:	Quint & Thimmig, LLP Chapman & Cutler
Underwriters:	Wells Fargo Institutional Securities LLC Estrada Hinojosa & Company
Underwriters' Counsel:	Brownstein Hyatt & Farber
Financial Advisor:	Education Capital Solutions
Trustee:	Union Bank of California

#### BOND STRUCTURE

Upon approval of a final resolution, the CIEDB will issue up to \$40,000,000 in tax-exempt, fixed rate bonds. The bonds will be backed by bond insurance through Ambac Assurance Corporation and are expected to be rated AAA and Aaa by Standard & Poor's and Moody's



Investor Services, respectively, based on Ambac's insurance policy. The Corporation has an underlying rating of A- from Standard & Poor's. The bonds will be publicly offered in authorized minimum denominations of \$5,000.

In no event shall the bonds constitute a pledge of the faith and credit of the State or any political corporation, subdivision or agency of the State, and neither the State nor any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the bonds. The bonds shall constitute a special obligation of the CIEDB, payable solely from revenues or other sources provided for in a loan agreement between the CIEDB and the YMCA of Metropolitan Los Angeles.

#### **ELIGIBILITY REVIEW**

The proposed financing meets the following public interest criteria as required by Section 63046 of the Government Code: 1) The financing is for a project in the State of California; 2) based upon the requirement that the transaction will have bond insurance, the borrower is capable of meeting the obligations incurred under relevant agreements; 3) the payments to be made by the borrower to CIEDB under the Loan Agreement are adequate to pay the current expenses of CIEDB in connection with the financing and to make all the payments on the bonds; 4) the proposed financing is appropriate for the specific project. Additionally, the project is consistent with the CIEDB's Policies and Procedures for Conduit Revenue Bond Financing.

Staff has reviewed the Corporation's answers to the legal questionnaire. No information was disclosed in the answers to the legal questionnaire that would lead staff to question the financial viability or legal integrity of this applicant.

#### **RECOMMENDATION**

Staff recommends approval of Resolution 01-42, for an amount not to exceed, \$40,000,000, for the YMCA of Metropolitan Los Angeles.

## EXHIBIT A

### YMCA of Metropolitan Los Angeles Board of Directors

<b>Avedick B. Poladian</b> (Chairman of the Board) <i>Managing Partner, US Pacific Southwest Region</i> Arthur Andersen LLP	<b>Larry M. Rosen</b> (President & CEO) <i>President and CEO</i> YMCA of Metropolitan Los Angeles	<b>John B. Emerson</b> <i>President</i> Personal Investment Management Division Capital Guardian Trust Company	<b>Charles C. Reed</b> <i>Vice Chairman</i> Aon Risk Services, Inc.
<b>John E. Anderson</b> (Immediate Past Chairman) <i>Chairman of the Board</i> Topa Equities, Ltd.	<b>Robert M. Smiland</b> (Vice Chairman) <i>CEO</i> Smiland Paint Company	<b>Don Freeberg</b> <i>President and CEO</i> Sierra Land Group, Inc.	<b>David "Duke" Reyes</b> President Harbor Distributing, LLC
<b>John B. Power</b> (Treasurer) <i>Retired Partner</i> O'Melveny & Myers LLP	<b>Franklin E. Ulf</b> (Vice Chairman) <i>Chairman of the Board</i> U.S. Trust Company, N.A.	<b>Ronald R. Gastelum</b> General Manager Metropolitan Water District	<b>Victoria B. Rogers</b> President The Rose Hills Foundation
<b>Ezunial Burts</b> (Secretary) <i>Chairman of the Board and CEO</i> The Friendship Group	<b>John R. Woodhull</b> (Vice Chairman)	<b>Julio O. Gonzalez</b> <i>Executive Vice President and COO</i> Third Party Enterprises, Inc.	<b>Miles R. Rosedale</b> Chief Executive Officer Monrovia Nursery Company
<b>Peter K. Barker</b> (Vice Chairman) <i>Advisory Director</i> Goldman, Sachs & Co.	<b>Sharon L. Allen</b> <i>Managing Partner, Pacific Southwest</i> Deloitte & Touche LLP	<b>George L. Graziadio</b> <i>Chairman of the Board, President and CEO</i> Imperial Bancorp	<b>Norman E. Ross, Jr.</b> Senior Vice President, Western Region Delon Hampton & Associates
<b>Christian K. Bement</b> (Vice Chairman) <i>President and CEO</i> Earl Scheib, Inc.	<b>Linda Alvarez</b> Anchor Reporter KCBS-TV	<b>Ollie B. Hadley</b> <i>Dean, Business Division</i> El Camino College District	<b>William M. Royer</b> Managing Director Citicorp
<b>George H. Benter, Jr.</b> (Vice Chairman) <i>President and COO</i> City National Bank	<b>Bill Applegate</b> <i>President</i> The Applegate Company	<b>Jay D. Haskell</b> Spooner Properties, LLC	<b>Wesley Ru</b> <i>President</i> Western Badge & Trophy
<b>E. H. Clark, Jr.</b> (Past Chairman) <i>Chairman of the Board and CEO</i> The Friendship Group	<b>Sherry S. Barrat</b> President & CEO Northern Trust Bank of California	<b>John F. Llewellyn</b> President & CEO Forest Lawn Memorial-Parks & Mortuaries	<b>Keith P. Russell</b>
<b>James A. Collins</b> (Past Chairman) <i>Chairman Emeritus</i> Sizzler International, Inc.	<b>David W. Bianchi</b>	<b>William MacDonald</b> President & CEO Compensation Resource Group, Inc.	<b>John H. Sanders</b> <i>Supervising Deputy Attorney General</i> California State Department of Justice

## YMCA of Metropolitan Los Angeles Board of Directors

<b>Nancy Daly Riordan</b> (Vice Chairman) <i>Founder</i> United Friends of the Children	<b>James W. Boswell</b> <i>President and CEO</i> J. G. Boswell Company	<b>Glenville A. March, Jr., M.D.</b> <i>President, CEO &amp; Founder</i> Los Angeles Eye Institute	<b>Clarence T. Schmitz</b> <i>Managing Director</i> Goldenberg Schmitz Capital Partners, LLC
<b>Robert A. Day, Jr.</b> (Vice Chairman) <i>Chairman of the Board</i> Trust Company of the West	<b>Guillermo Bron</b> <i>Managing Director</i> Bastion Capital Corporation	<b>Stephen C. Meier</b> <i>Chairman &amp; CEO</i> Pfaffinger Foundation	<b>John H. Semcken, III</b> <i>Vice President</i> Majestic Realty Company
<b>W. J. Ellison</b> (Vice Chairman) <i>Chairman and CEO</i> Meritage, Inc.	<b>Leonard Cohen</b> <i>Chairman Emeritus</i> Sizzler International, Inc	<b>Thomas G. Miller</b> <i>Managing Director,</i> Capital Markets Group Jones Lang LaSalle	<b>Laura K. Start</b>
<b>Stephen F. Hinchliffe, Jr.</b> (Past Chairman) <i>Chief Executive Officer</i> The Leisure Group, Inc.	<b>John F. Cosgrove</b> <i>Chief Executive Officer</i> Cosgrove/Meurer Productions, Inc.	<b>William S. Mortensen</b>	<b>Roy W. Stevens</b>
<b>Stuart M. Ketchum</b> (Vice Chairman) <i>President</i> The Ketchum Company	<b>Donald W. Crowell</b> <i>Senior Partner</i> Crowell, Weedon & Co.	<b>Robert B. Oehler</b> <i>President</i> Far East National Bank	<b>Steven P. Tiberg</b> <i>Managing Director</i> Marsh USA Risk & Ins. Services
<b>Robert J. Lowe</b> (Vice Chairman) <i>President</i> Lowe Enterprises, Inc.	<b>Richard R. Crowell</b> <i>President</i> Aurora Capital Partners LP	<b>Bernard C. Parks</b> <i>Chief of Police</i> Los Angeles Police Department	<b>Richard L. Walker</b> <i>President</i> Menn, Van Kuik & Walker, Inc.
<b>Nancy B. Munger</b> (Vice Chairman)	<b>James C. Deane</b> <i>Senior Vice President</i> Bank of America	<b>John P. Puerner</b> <i>Publisher, President and CEO</i> Los Angeles Times	<b>Kim M. Wardlaw</b> <i>Circuit Judge</i> United States Court of Appeals for the Ninth Circuit
<b>J. Kristoffer Popovich</b> (Vice Chairman) <i>Chairman</i> Hoffman Video System	<b>Jane B. Eisner</b>	<b>Archie C. Purvis</b> <i>President</i> Purvis Enterprises, Inc.	<b>Paul M. Watson</b> <i>Vice Chairman</i> <i>Commercial Banking Group</i> Wells Fargo Company



RESOLUTION NO. 01-42

FINAL BOND RESOLUTION FOR THE  
CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK  
RELATING TO THE FINANCING OF FACILITIES FOR  
YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN LOS ANGELES

October 9, 2001

WHEREAS, the California Infrastructure and Economic Development Bank (the "Bank") has heretofore received the application of Young Men's Christian Association of Metropolitan Los Angeles, a California nonprofit public benefit corporation (the "Borrower"), for financial assistance to (i) finance, refinance and reimburse the costs of the acquisition, construction, renovation, improvement and equipping the Borrower's YMCA facilities located throughout metropolitan Los Angeles, (ii) refund all outstanding Certificates of Participation Evidencing Proportional Interests of the Holders Thereof in Installment Payments to be Paid by California Statewide Communities Development Authority From Payments to be Received From Young Men's Christian Association of Metropolitan Los Angeles (the "Series 1993 COPs"), (iii) pay a portion of the interest to accrue on the hereinafter referred to revenue bonds, (iv) fund a debt service reserve fund with respect to the revenue bonds and (v) pay certain of the costs incurred in connection with the issuance of the revenue bonds (collectively, the "Project"); and

WHEREAS, the Borrower has requested the Bank to issue revenue bonds in an amount not to exceed \$40,000,000 to assist in the financing of certain costs of the Project; and

WHEREAS, in order to enhance the marketability of the Bonds (as defined in Section 2 below), the Borrower has agreed to provide for the delivery of a bond insurance policy, thereby supporting repayment of the Bonds; and

WHEREAS, final approval of the terms of such Bonds and certain documents relating to the Bonds is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Infrastructure and Economic Development Bank as follows:

Section 1. Based upon representations made by the Borrower, the Board of Directors hereby determines as follows:

a. The financing and loan contemplated by this Resolution is for an economic development project, as defined under Division 1 of Title 6.7 of the California Government Code, as amended (commencing with Section 6300) (the "Act"), and use in the State of California.

b. Based upon the requirement that the transaction will be insured, the Borrower is capable of meeting the obligations incurred under the agreements approved by this Resolution.

YMCA Final Reso  
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c. The payments to be made by the Borrower to the Bank under the loan agreement approved herein are adequate to pay the current expenses of the Bank in connection with the financing and to make all the payments on the Bonds approved herein.

d. The proposed financing is appropriate for the Project.

e. The Project is consistent with any existing local or regional comprehensive plan.

f. The Project demonstrates clear evidence of a defined public benefit.

Section 2. The revenue obligations of the Bank, designated as the "California Infrastructure and Economic Development Bank Revenue Bonds, Series 2001 (YMCA of Metropolitan Los Angeles Project)" (the "Bonds") in an aggregate principal amount not to exceed \$40,000,000 are authorized to be issued under the Act. The Bank hereby acknowledges that the payment of the principal of and interest on the Bonds will be supported by a financial guaranty insurance policy issued by Ambac Assurance Corporation.

Section 3. The Treasurer of the State of California (the "Treasurer") is hereby authorized and requested to sell the Bonds, at any time within one hundred eighty (180) days of the date of this Resolution, at negotiated sale, at such price and at such interest rate or rates as he may determine.

Section 4. The form of the Loan Agreement (the "Loan Agreement") between the Bank and the Borrower on file with the Secretary of the Bank is hereby approved, and the Executive Director and the Chair of the Bank or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Loan Agreement, and the Secretary of the Bank is authorized to attest thereto, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Bank, such approval to be conclusively evidenced by the delivery thereof.

Section 5. The form of the Trust Indenture (the "Indenture") between the Bank and the trustee named therein (the "Trustee") on file with the Secretary of the Bank is hereby approved, and the Executive Director and the Chair of the Bank or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Indenture, and the Secretary of the Bank is authorized to attest thereto, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Bank, such approval to be conclusively evidenced by the delivery thereof. The date, maturity date or dates, interest rate or rates and payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in said Indenture, as finally executed.

Section 6. The form of Bond Purchase Agreement (the "Bond Purchase Agreement") among the Borrower, the Treasurer of the State of California, the Bank and Wells Fargo Institutional Securities, LLC, as representative of the underwriters (the "Underwriters") on file with the Secretary of the Bank is hereby approved, and the Executive Director and the Chair of the Bank or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Bond Purchase Agreement, and the Secretary of the Bank is authorized to attest thereto, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Bank, such approval to be conclusively evidenced by the delivery thereof.

Section 7. The form of preliminary official statement relating to the Bonds (the "Preliminary Official Statement") on file with the Secretary of the Bank is hereby approved. The Bank hereby authorizes the distribution of the Preliminary Official Statement to prospective purchasers of the Bonds. The Executive Director and the Chair of the Bank or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute and deliver a certificate to the effect that the sections in the Preliminary Official Statement entitled "THE ISSUER" and "LITIGATION-THE ISSUER," as of the date of the Preliminary Official Statement, is deemed final by the Bank, if necessary for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended; and at the time of sale of the Bonds, the Executive Director and the Chair of the Bank or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Preliminary Official Statement as the final official statement for the Bonds (the "Official Statement"), with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Bank, such approval to be conclusively evidenced by the delivery thereof. The Underwriters are hereby authorized to distribute copies of the Official Statement to the purchasers of the Bonds, as appropriate.

Section 8. The Executive Director and the Chair of the Bank are hereby authorized and directed individually to execute, manually or by facsimile, in the name and on behalf of the Bank, the Bonds in an aggregate principal amount not to exceed the amount authorized hereunder in substantially the form set forth in the Indenture.

Section 9. The form of the Tax Exemption Agreement and Certificate (the "Tax Agreement") among the Borrower, the Trustee and the Bank, on file with the Secretary of the Bank is hereby approved, and the Executive Director and the Chair of the Bank or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Tax Agreement, and the Secretary of the Bank is authorized to attest thereto, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Bank, such approval to be conclusively evidenced by the delivery thereof.

Section 10. The Bonds, when so executed, shall be delivered to the Trustee for authentication by the Trustee pursuant to the Indenture. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication



appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York (the "Depository") on behalf of the purchasers thereof in accordance with written instructions executed on behalf of the Bank by the Executive Director or the Chair of the Bank, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Depository, on behalf of the purchasers thereof, upon payment of the purchase price thereof.

Section 11. The Executive Director and Chair of the Bank and the Chair's designees are hereby authorized and directed, jointly and severally, to do any and all things, and to execute and deliver any and all documents and certificates and undertakings of the Bank, and to take such other actions as may be required in connection with: the issuance and sale of the Bonds; the execution, delivery and performance of the Indenture, the Loan Agreement, the Bond Purchase Agreement, the Tax Agreement; the refunding of the Series 1993 COPs; the credit enhancement of the Bonds; the distribution of the Preliminary Official Statement and the Official Statement; and otherwise to effectuate the purpose of this Resolution.

Section 12. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED at a meeting of the California Infrastructure and  
Economic Development Bank on October 9, 2001 by the following vote:

AYES: Salazar, Fernandez, Mateo

NOES: None

ABSENT: None

ABSTAIN: None

  
Stanton C. Hazelroth, Executive Director

Attest:

  
Blake Fowler, Secretary

## ATTACHMENT B - November 19, 2002 Staff Report and Resolution 02-51

November 19, 2002  
Agenda Item II.c.

### CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (CIEDB)

#### STAFF REPORT

##### **ISSUE:**

The Young Men's Christian Association of Metropolitan Los Angeles (the "Borrower") has requested approval of Resolution 02-51 amending the Trust Indenture dated October 1, 2001 (the "Original Indenture"), by and between the CIEDB and Union Bank of California, N.A. (the "Trustee").

##### **BACKGROUND:**

In October 2001, the CIEDB issued \$37,000,000 of 501(c)(3) revenue bonds for the benefit of the Borrower. The proceeds of the Bonds were loaned to the Borrower pursuant to the provisions of a Loan Agreement between the Borrower and the CIEDB. The regularly scheduled payments of principal and interest on the Bonds are insured by a financial guaranty insurance policy issued by Ambac Assurance Corporation ("Ambac").

Sections 2.21, 2.22, 2.23, 2.24 And 2.28 of the Loan Agreement contain certain financial covenants (the "Financial Covenants") of the Borrower that may be modified, amended or waived without the consent of or notice to bondholders at the direction of Ambac. The Borrower and Ambac have requested to amend the Indenture to amend the definitions of "*Unrestricted Revenues*" and "*Funds Available For Debt Service*" that are used in the Financial Covenants. Section 9.01(j) of the Original Indenture provides that the CIEDB and the Trustee may, with the written consent of Ambac, but without the consent of or notice to the Bondholders, enter into a Supplemental Indenture to amend the defined terms appearing in Article I of the Original Indenture in connection with amendments to the Financial Covenants.

In order to become compliant with the Financial Covenants, the Borrower has requested that the CIEDB and the Trustee approve a First Supplemental Trust Indenture that will revise the definitions of "*Unrestricted Revenues*" and "*Funds Available For Debt Service*" as they relate to the Financial Covenants. Ambac has already provided its written consent to the amendments of the Indenture contained in the First Supplemental Trust Indenture.

##### **RECOMMENDATION:**

Staff recommends adoption of Resolution 02-51 approving the First Supplemental Trust Indenture to amend two of the terms appearing in Article I of the Original Indenture.



RESOLUTION NO. 02-51

RESOLUTION OF THE  
CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK  
RELATING TO THE AMENDMENT OF THE TRUST INDENTURE RELATING  
TO CERTAIN REVENUE BONDS ISSUED FOR THE BENEFIT OF  
YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN LOS ANGELES

November 19, 2002

WHEREAS, the California Infrastructure and Economic Development Bank (the "Issuer") was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following)(as now in effect and as it may from time to time hereafter be amended or supplemented, the "Act"), for the purpose of, among other things, providing financial assistance for the design, construction, financing and development of economic development facilities (as such term is defined in the Act) located in the State of California; and

WHEREAS, the Bank has heretofore executed and delivered that certain Trust Indenture dated as of October 1, 2001 (the "Original Indenture") between the Bank and Union Bank of California, as trustee (the "Trustee"), pursuant to which the Bank issued its \$37,000,000 California Infrastructure and Economic Development Bank Revenue Bonds, Series 2001 (YMCA of Metropolitan Los Angeles Project) (the "Bonds"), for the benefit of the Young Men's Christian Association of Metropolitan Los Angeles, a California nonprofit corporation (the "Corporation"); and

WHEREAS, the proceeds of the Bonds were loaned to the Corporation pursuant to the provisions of the Loan Agreement dated as of October 1, 2001 (the "Loan Agreement") between the Bank and the Corporation; and

WHEREAS, the regularly scheduled payments of principal and interest on the Bonds are insured by a financial guaranty insurance policy issued by Ambac Assurance Corporation ("Ambac"); and

WHEREAS, Sections 2.21, 2.22, 2.23, 2.24 and 2.28 of the Loan Agreement contain certain financial covenants (the "Financial Covenants") of the Corporation that may be modified, amended or waived without the consent of or notice to the Bondholders (as defined in the Indenture) at the direction of Ambac; and

WHEREAS, the Corporation and Ambac desire to amend the Original Indenture to amend the definitions of "*Unrestricted Revenues*" and "*Funds Available For Debt Service*" that are used in the Financial Covenants; and

WHEREAS, pursuant to Section 901(j) of the Original Indenture, the Bank and the Trustee may with the written consent of Ambac, but without the consent of or notice to the Bondholders,

enter into a supplemental indenture to amend the defined terms appearing in Article I of the Original Indenture in connection with amendments to the Financial Covenants; and

WHEREAS, the Corporation has requested that the Bank approve amending the Original Indenture to make such amendments to the foregoing defined terms as they relate to the Financial Covenants through the execution and delivery of the First Supplemental Trust Indenture (the "First Supplemental Indenture"), between the Bank and the Trustee; and

WHEREAS, Ambac has consented to the amendments of the Original Indenture contained in the First Supplemental Indenture; and

WHEREAS, the Bank desires to approve the amendments to the Original Indenture and to authorize the proper officials of the Bank to execute and deliver the First Supplemental Indenture to effect the same;

NOW, THEREFORE, BE IT RESOLVED by the California Infrastructure and Economic Development Bank as follows:

Section 1. The Bank hereby approves the amendments to the Original Indenture as reflected in the form of the First Supplemental Indenture.

Section 2. The form of the First Supplemental Indenture between the Bank and the Trustee on file with the Secretary of the Bank is hereby approved, and the Executive Director and the Chair of the Bank or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the First Supplemental Indenture, and the Secretary of the Bank is authorized to attest thereto, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Bank, such approval to be conclusively evidenced by the delivery thereof.

Section 3. The Executive Director and Chair of the Bank and the Chair's designees are hereby authorized and directed, jointly and severally, to do any and all things, and to execute and deliver any and all documents and certificates and undertakings of the Bank, and to take such other actions as may be required to effectuate the purpose of this Resolution and in connection with the execution, delivery and performance of the First Supplemental Indenture.

Section 4. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on November 19, 2002 by the following vote:

AYES: Salazar, Porini, Lloyd

NOES: None

ABSENT: None

ABSTAIN: None

  
Stanton C. Hazelroth, Executive Director

Attest:

  
Blake Fowler, Secretary



May 19, 2004  
Agenda Item III.B

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK  
(I-BANK)**

**STAFF REPORT**

**ISSUE:**

The Young Men's Christian Association of Metropolitan Los Angeles (the "Borrower") has requested approval of Resolution 04-17 amending the Trust Indenture dated October 1, 2001 (the "Original Indenture"), by and between the I-Bank and Union Bank of California, N.A. (the "Trustee").

**BACKGROUND:**

On October 2001, the I-Bank issued \$37,000,000 of 501(c)(3) revenue bonds for the benefit of the Borrower. The proceeds of the Bonds were loaned to the Borrower pursuant to the provisions of a Loan Agreement between the Borrower and the I-Bank. The regularly scheduled payments of principal and interest on the Bonds are insured by a financial guaranty insurance policy issued by Ambac Assurance Corporation ("Ambac").

Sections 2.21, 2.22, 2.23, 2.24 And 2.28 of the Loan Agreement contain certain financial covenants (the "Financial Covenants") of the Borrower that may be modified, amended or waived without the consent of or notice to bondholders at the direction of Ambac. The Borrower and Ambac previously requested amending the Indenture to revise the definitions of "*Unrestricted Revenues*" and "*Funds Available For Debt Service*" that are used in the Financial Covenants. On November 19, 2002, the I-Bank Board adopted Resolution 02-51 approving the amendment. Section 9.01(j) of the Original Indenture provides that the I-Bank and the Trustee may, with the written consent of Ambac, but without the consent of or notice to the Bondholders, enter into a Supplemental Indenture to amend the defined terms appearing in Article I of the Original Indenture in connection with amendments to the Financial Covenants.

The Borrower and Ambac are now requesting that the I-Bank and Trustee approve a Resolution and a Second Supplemental Trust Indenture that will revise the definition of "*Liquid Unrestricted Net Assets*" as they relate to the Financial Covenants. Ambac has already provided its written consent to the amendment of the Indenture contained in the Second Supplemental Trust Indenture.

**RECOMMENDATION:**

Staff recommends adoption of Resolution 04-17 approving the Second Supplemental Trust Indenture to amend the term "*Liquid Unrestricted New Assets*" appearing in Article I of the Original Indenture.

RESOLUTION NO. 04-17

RESOLUTION OF THE  
CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK  
RELATING TO THE AMENDMENT OF THE TRUST INDENTURE RELATING  
TO CERTAIN REVENUE BONDS ISSUED FOR THE BENEFIT OF  
YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN LOS ANGELES

May 19, 2004

WHEREAS, the California Infrastructure and Economic Development Bank (the "Issuer") was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) (as now in effect and as it may from time to time hereafter be amended or supplemented, the "Act"), for the purpose of, among other things, providing financial assistance for the design, construction, financing and development of economic development facilities (as such term is defined in the Act) located in the State of California; and

WHEREAS, the Issuer has heretofore executed and delivered that certain Trust Indenture dated as of October 1, 2001 (the "Original Indenture") between the Issuer and Union Bank of California, as trustee (the "Trustee"), pursuant to which the Issuer issued its \$37,000,000 California Infrastructure and Economic Development Bank Revenue Bonds, Series 2001 (YMCA of Metropolitan Los Angeles Project) (the "Bonds"), for the benefit of the Young Men's Christian Association of Metropolitan Los Angeles, a California nonprofit corporation (the "Corporation"); and

WHEREAS, the proceeds of the Bonds were loaned to the Corporation pursuant to the provisions of the Loan Agreement dated as of October 1, 2001 (the "Loan Agreement") between the Issuer and the Corporation; and

WHEREAS, the regularly scheduled payments of principal and interest on the Bonds are insured by a financial guaranty insurance policy issued by Ambac Assurance Corporation ("Ambac"); and

WHEREAS, Sections 2.21, 2.22, 2.23, 2.24 and 2.28 of the Loan Agreement contain certain financial covenants (the "Financial Covenants") of the Corporation that may be modified, amended or waived without the consent of or notice to the Bondholders (as defined in the Indenture) at the direction of Ambac; and

WHEREAS, in February of 2003, at the request of the Corporation, the Issuer and the Trustee executed and delivered the First Supplemental Trust Indenture dated as of February 1, 2003 (the "First Supplemental Indenture," and together with the Original Indenture, the "Existing Indenture") which amended certain defined terms used in the Financial Covenants; and

YMCA Resolution  
1115260

WHEREAS, the Corporation and Ambac desire to further amend the Existing Indenture to amend the definition of "*Liquid Unrestricted Net Assets*," a term that is used in the Financial Covenants; and

WHEREAS, pursuant to Section 901(j) of the Original Indenture, the Issuer and the Trustee may with the written consent of Ambac, but without the consent of or notice to the Bondholders, enter into a supplemental indenture to amend the defined terms appearing in Article I of the Existing Indenture in connection with amendments to the Financial Covenants; and

WHEREAS, the Corporation has requested that the Issuer approve amending the Existing Indenture to make such amendment to the foregoing defined term as it relates to the Financial Covenants through the execution and delivery of the Second Supplemental Trust Indenture (the "Second Supplemental Indenture"), between the Issuer and the Trustee; and

WHEREAS, Ambac has consented to the amendment of the Existing Indenture contained in the Second Supplemental Indenture; and

WHEREAS, the Issuer desires to approve the amendment to the Existing Indenture and to authorize the proper officials of the Issuer to execute and deliver the Second Supplemental Indenture to effect the same;

NOW, THEREFORE, BE IT RESOLVED by the California Infrastructure and Economic Development Bank as follows:

Section 1. The Issuer hereby approves the amendment to the Existing Indenture as reflected in the form of the Second Supplemental Indenture.

Section 2. The form of the Second Supplemental Indenture between the Issuer and the Trustee on file with the Secretary of the Issuer is hereby approved, and the Executive Director and the Chair of the Issuer or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Second Supplemental Indenture, and the Secretary of the Issuer is authorized to attest thereto, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Issuer, such approval to be conclusively evidenced by the delivery thereof.

Section 3. The Executive Director and Chair of the Issuer and the Chair's designees are hereby authorized and directed, jointly and severally, to do any and all things, and to execute and deliver any and all documents and certificates and undertakings of the Issuer, and to take such other actions as may be required to effectuate the purpose of this Resolution and in connection with the execution, delivery and performance of the Second Supplemental Indenture.

Section 4. This Resolution shall take effect immediately upon its passage.



PASSED, APPROVED AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on May 19, 2004 by the following vote:

AYES: Campbell, Lujano

NOES: None

ABSENT: None

ABSTAIN: None

  
Stanton C. Hazelroth, Executive Director

Attest:

  
Blake Fowler, Secretary